



The World Bank

Procurement Policy Review Feedback Summary

Date: May 25, 2012

Venue: Eastern Europe and Central Asia Regional Procurement Forum, Tirana, Albania

Participants' Countries: Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Kyrgyz Republic, FYR of Macedonia, Moldova, Serbia, Tajikistan, Turkmenistan and Ukraine

Total Number of Participants: 49

Overview and General Reactions

Consultations for the Bank's Procurement Policy Review with invited officials from national procurement agencies and project implementation units took place as one of the agenda items of the ECA 8th Regional Procurement Conference, held in Tirana on May 22 to 25, 2012. Participants came from Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Kyrgyz Republic, FYR of Macedonia, Moldova, Serbia, Tajikistan, Turkmenistan and Ukraine. A list of participants at the conference is provided.

The conference, sponsored by the World Bank, Asian Development Bank, EBRD, and Islamic Development Bank, and hosted by Government of Albania, focused on "e-Procurement: A Big Step Towards Transparency and Efficiency". It provided the platform for public procurement experts to discuss and better understand how e-procurement can enhance the effectiveness and transparency of public procurement systems. In this context, the consultations on the Bank's Procurement Policy were a way for participants to provide feedback to the Bank on how the Bank's policies can be effective in advancing country efforts on e-

procurement as well as their broader reform agenda and the Bank's review of its procurement policies.

Mr. Bernard Becq, the Bank's Chief Procurement Policy Officer and lead of the Review, provided the introduction and presented the findings of the Review's Initiating Discussion Paper and its overall approach. Following the introduction, the floor was open for questions, reactions and suggestions.

Reflecting the make-up of this group—mainly procurement specialists, including many working on project implementation—the concerns and interests expressed by the group leaned towards technical subjects. Overall, much of the discussion centered on the different elements of **what ought to make up a good public procurement system**, going beyond procurement transactions and including pre-tendering planning, cost estimates, benchmarking, data analysis, and independent monitoring. More generally, for public procurement systems to work well, they need to be reliable, secure and make sense. Good public procurement systems further need to be accompanied by reforms to public administration in general, trade and competition policy, access to information/transparency, and anti-corruption measures. Clearly, there can be problems for any public procurement system if markets are not working efficiently and are not competitive.

The specific topics raised by the participants were as follows:

- **Benchmarking the bidding process:** More standards are needed building on data in order to answer questions such as: how to assess the competitiveness of the bidding process, such as monitoring the number of bidders, how to measure the savings generated by the process as compared to conventional methods, and how to factor in compliance costs on the part of bidders. Another measure might be the share of contracts let under competitive versus direct contracting. What is the appropriate level? One of the problems is that comprehensive data on procurement tends to be lacking in many national procurement systems. This area needs to be strengthened.
- **Dispute resolution:** There is a need to ensure the institutional independence of agencies that handle bidder complaints and disputes. Also, these dimensions—disputes and complaints—need to be built into the contract execution part of the procurement cycle.
- **The Hiring of Government Officials as Consultants:** At present the Bank's policies call for a cooling off period, which may constrain implementation. Are there options? Perhaps this is most critical in fragile and small states. The long run response needs to be part of overall administrative reforms.
- **Capacity Building:** This is linked to the problem stated above. Ideally, procurement reform and capacity building ought to be part of a well thought out country strategy, done in partnership and in an integrated fashion. The Bank needs to have a broader approach going beyond the Bank-centric training now provided.

- **Urgent Procurement Transactions:** How should these be defined and assessed? Except for emergency situations, there ought not be any need for “urgent” procurements and the concerns about “spending the money fast” ought to be dealt with via better procurement planning. Nevertheless, there still should be flexibility to expedite contracting, for example, by using framework agreements and e-procurement for routine transactions.
- **Target Profit Margins:** In preparing cost estimates, what level of profit should be assumed? Is there any acceptable level? These questions can only be addressed via improved market analysis and knowledge of the bidders and by pre-tender work as part of project design.
- **Disincentive to Competitive Bidding:** One of the flaws in national procurement systems may be the disincentive to follow competitive procedures. This is the case if, for example, direct contracting is allowed after two failed attempts to award a contract under competitive procedures. Obviously, it is too easy to undermine the competitive process and this kind of provision ought to be disallowed.
- **E-Procurement and Transparency:** e-procurement might be a fad and it was still necessary that the traditional systems work. This points for the need not to rush into particular solutions. For example, reverse auctions may not be for everyone. Transparency also may be oversold: too much transparency could lead to collusion but too little transparency does not provide a level playing field for bidders. Perhaps, there should be consideration of more gradual, partial or “delayed” transparency, depending on situation.

Specific Feedback from Stakeholders	
1. The analysis presented in the Initiating Discussion Paper captures the key issues and concerns that should be addressed in the review. Are there other challenges which the review should try to address?	
	The participants raised a number of specific issues, summarized above, which were not addressed in the Initiating Discussion Paper and not necessarily dealt with in the Bank’s current Guidelines. The issues raised can be addressed down stream as the Review turns to more specific matters.
2. Taking into account the new concepts of public procurement and the broader context of public sector management best practices, what type of changes should the Bank take into consideration in modernizing its procurement policies?	

	As noted in the summary, the participants saw the need to see public procurement reform, and the Bank's policies, in the larger context of public sector management.
3. In light of various levels of risks and capacity among borrower agencies, how can the Bank best ensure that funds provided by the Bank are used for the purpose intended?	
	There was no specific suggestion.
4. The Initiating Discussion paper highlights the multiplicity of demands and contexts procurement is serving today –diverse sectors, instruments, delivery mechanisms and clients with varying institutional frameworks and governance conditions. What recommendations could help the Bank best tailor its procurement requirements to meet these diverse and varying demands and needs?	
	There was no specific suggestion.
5. What could the Bank do to simplify and streamline its current policies and to take advantage of the potential gains offered by e-procurement and IT-based tools?	
	E-procurement, as the focus of the conference, was discussed at length in the other sessions. Country action plans have been prepared, setting out what each country intends to do over the coming year. With the caveats noted above, greater use of e-procurement was seen as a way to improve efficiency and to simplify procedures.
6. International consensus calls for use of country systems and harmonization among development partners. What can the Bank do to advance the use of country systems and harmonization among partners?	
	No specific suggestion was made.
7. What suggestions do you have to monitor and evaluate the Bank's Procurement policies and assess their impact and effectiveness?	
	No specific suggestion was made.
8. Do you have other suggestions to help the Bank develop a proposal for a new policy framework and guiding principles for revisions to the Bank's procurement policies?	
	No specific suggestion was made.